

METHOD FOR MANAGING RISK IN MARKETS RELATED TO COMMODITIES DELIVERED OVER A NETWORK

ABSTRACT OF THE DISCLOSURE

A system, method, software, and portfolios for managing risk in markets relating
5 to a commodity delivered over a network are described, in which a market participant
constructs portfolios of preferably liquid price risk instruments in proportions that
eliminate the Spatial Price Risk for the market participant's underlying position.
Techniques are also disclosed for constructing and evaluating new price risk instruments
and other sets of positions, as well as identifying arbitrage opportunities in those markets.